

LIVINGSTON PARISH LIBRARY COMMISSION

REPORT ON AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS

DECEMBER 31, 2011

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June 27, 2012

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Library Commission
Livingston, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison of the General Fund of the Livingston Parish Library Commission "the Commission", a component unit of the Livingston Parish Council as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Commission's December 31, 2010 financial statements and, in our report dated June 8, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the General Fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (the General Fund) of the Livingston Parish Library Commission, as of December 31, 2011, and the budgetary comparison of the General Fund, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Livingston Parish Library Commission adopted the provisions of Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, in 2011.

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2012, on our consideration of Livingston Parish Library Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

Hannu L. Bourgeois, CPA

Livingston Parish Library Commission
Livingston, Louisiana
Management's Discussion and Analysis
December 31, 2011

General Information

The Livingston Parish Library Commission is a public library established in 1946 to assemble, organize, maintain and make easily available a collection of books and other materials to provide for the recreational, informational, and educational needs of the citizens of the parish of Livingston.

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standard's Board (GASB) in their statement number 34. Its purpose is to provide an overview of the financial activities of the Livingston Parish Library Commission based on currently known facts, decisions, or conditions. The basic financial statements include: (1) Government-Wide financial statements, (2) Fund financial statements and (3) Notes to the Basic Financial Statements.

Government-Wide Financial Statements

The Parish Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Parish Library's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector, with its basis in accrual accounting.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Parish Library's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Parish Library as a whole is improving or deteriorating. Evaluation of the overall health of the Parish Library would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Parish Library infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Parish Library's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Parish Library's distinct activities or functions on revenues provided by the Parish Library's taxpayers.

The Government -Wide financial statements are presented on pages 8 and 9 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Parish Library uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Parish Library's only fund, the general fund.

The Parish Library uses only one fund type:

The Governmental fund is reported in the fund financial statements and encompasses the same function reported as governmental activities in the governmental-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Parish Library's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus included the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 10-16 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Financial Highlights

Ad valorem taxes reflect a 10.00 mill tax approved by the voters in 2005. The ad valorem tax expires in 2014. The library's millage was rolled back to 9.1 mills by the Livingston Parish Council in 2008. In 2010, the library's Board of Control voted to roll the millage forward for 2011 to full 10 mills, which resulted in \$4,088,002 in property tax revenue in 2011 compared \$3,638,218 in ad valorem tax revenue in fiscal year 2010 based on 9.1 mills.

Total revenue reflected is \$4,456,527 for 2011, and \$4,019,682 for 2010. This revenue includes parish ad valorem taxes, state revenue sharing, interest income, grant funds, charges for photocopies and faxes, donations, and fines.

Library expenditures for 2011 amounted to \$5,911,510 compared to \$3,224,887 in 2010. This increase is driven by the cost of construction of the new Main library branch, increased number of staff on payroll to address the increased demand for library services from the public, and other growth-related expenses.

Specifically, due to additional personnel hired and due annual wage/salary increases, salary expenses and benefits went up by \$158,150. Additional full-time/part-time employees were hired to adequately serve the public and meet the increased demand for many library services.

Revenue

The library's revenue consists of a parish-wide property tax of 10 mills, state revenue sharing, state aid to public libraries, interest earnings, gifts, and miscellaneous fees and forfeitures.

In 2011, the Livingston Parish Library Commission experienced a growth of 12.36% in ad valorem tax revenue. Interest income has decreased by 19.52% as rates have fallen dramatically and the amount saved in Certificates of Deposits declined due to cashing out CDs to pay for construction. Fines and Lost Book income increased by 22% as the Library experienced an increase in usage of the facilities. Grant revenue decreased by \$17,433 due to the budget cuts at the State Library affecting the State Aid Grant amount distributed by the State Library. There was a minimal decrease in the Donations.

Expenditures

Expenditures include: library administration - personnel salaries and benefits; operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds and vehicles; materials and supplies - office, buildings, grounds, vehicle, and machinery and equipment, major repairs, and library materials; intergovernmental expenditures - contributions to retirement systems and intergovernmental service charges.

Library Administration

Administration costs increased due to increased salaries and employee benefit rates and increase in the number of salaried employees as the Commission accommodates the increase of patronage caused by the opening of new facilities and increased service hours.

Intergovernmental Expenditures

Contributions to Retirement Systems as a cost of collecting property taxes increased by 13.91% in 2011, as the amount of property taxes collected increased.

Overview of the Financial Statements

Livingston Parish Library - Operations and Maintenance

<u>Operating Revenues by Source</u>	<u>2011</u>	<u>2010</u>	<u>Increases (Decreases)</u>
Ad Valorem	\$ 4,088,002	\$3,638,218	\$ 449,784
State Revenue Sharing	150,973	142,146	8,827
Grants	9,353	26,786	(17,433)
Fines and Fees	67,925	55,669	12,256
Donations	5,775	6,764	(989)
Interest Income	82,182	102,115	(19,933)
Other Revenues	52,317	47,984	4,333
Total Revenues	4,456,527	4,019,682	436,845
<u>Operating Expenditures by Purpose</u>			
Library Administration	2,050,114	1,892,828	157,286
Operating Services	438,731	418,822	19,909
Travel	9,005	7,150	1,855
Capital Outlay	3,024,421	641,376	2,383,045
Materials and Supplies	225,165	120,683	104,636
Intergovernmental Expenditures	164,074	144,028	20,046
Total Operating Expenditures	5,911,510	3,224,887	2,686,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,454,983)	\$ 794,795	\$(2,249,778)

Variations Between Original and Final Budgets

The original and final budgets varied due to increased amount of revenue driven by ad valorem taxes. The total revenue budget was decreased by \$68,255. *Property Tax Revenues* were decreased by \$106,607 while interest income revenues was increased \$33,000 as the Commission had not yet been required to spend their certificates of deposit.

The total expenditure budget was decreased by \$1,447,119. Capital Outlay expenditures were reduced by \$1,438,140 and operating services line items were reduced by \$38,151, while salaries and benefits were increased by \$34,654.

Capital Asset and Debt Administration

Capital Assets. The Library's investment in capital assets as of December 31, 2011, amounts to \$5,870,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and the library collection. The total increase in the Library's investment in capital assets for the current fiscal year was 80.62%. Current year asset additions amounted to \$3,024,421 while depreciation expense for the year was \$404,193, thereby, increasing the investment in capital assets by \$2,620,228.

Livingston Parish Library Commission Schedule of Capital Assets Net of Depreciation

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Balance at December 31, 2011</u>
Land	\$1,462,056	\$ -	\$1,462,056
Building	568,671	238,468	330,203
Furniture and Equipment	466,526	405,786	60,740
Vehicles	38,507	19,691	18,816
Library Collection	2,794,104	1,724,162	1,069,942
Construction in Progress	<u>2,928,454</u>	<u>-</u>	<u>2,928,454</u>
	<u>\$8,258,318</u>	<u>\$2,388,107</u>	<u>\$5,870,211</u>

Additional information on the Library Commission's capital assets can be found in Note 3 on page 22 of this report.

Long-Term Debt. On March 1, 2004, General Obligation Bonds in the amount of \$8,900,000 were issued. The proceeds of these bonds were used to pay the cost of construction and acquiring and improving the public libraries of Livingston Parish. These bonds are payable from the annual levy and collection of ad valorem taxes on all the taxable property within the Parish as approved by the voters of Livingston Parish on October 4, 2003. The bonds were issued in the name of the Livingston Parish Council and hence are recorded on the books of the Livingston Parish Council. The Council administered the construction funds as they were spent on the construction of the new libraries. In addition, the Council will collect and administer the ad valorem taxes to be collected and used to repay the outstanding bonds.

Economic Factors and Next Year's Budget

Capital Outlay expenditures may go down slightly in 2012, but will remain high due to the construction of the new library branch and renovation of the old Livingston branch. New employees have been hired in 2012 to adequately staff the various branches as needed. This will continue to affect many parts of the budget including: salary expense, payroll taxes, retirement and group insurance. The library's contributions to the parochial retirement system were increased from 6.25% to 10% and may even increase more, thus affecting the expenditures. Subscriptions to databases will increase in 2012; also, increases in spending are expected for computer hardware, equipment purchases, capital outlay computer purchases, building and grounds maintenance. Cost of providing medical insurance to employees will increase significantly due to external political and economic factors. Amounts allocated to collection development will also increase due to an effort to increase a volume of new titles in the library's collection. All other aspects of the budget should remain relatively the same.

Conclusion

The Library Commission is maintaining its level of service to the community by continuing to offer public programming and services. Library staff has increased to accommodate the rising use and population in the parish. According to 2010 Census Report, the parish population is over 128,000. The five library branches that serve the public are all operational and open, with expanded hours, to serve patrons. The library will have over one hundred public computers available for library users, as well as expanded book, audio/video, periodical collections, and online databases. Library programs are expected to increase in 2012, with many new ideas being implemented to better serve the public, while continuing to offer regular programs, such as computer classes, programs for adults, children's programs and events.

The annual operations and maintenance budget enables the library to provide building and ground maintenance, insurance, staffing, services, resources, and materials to continue serving the needs of Livingston Parish's citizens.

Contacting the Livingston Parish Library

This financial report is designed to provide a general overview of the Livingston Parish Library Commission's finances for those with an interest in the Library's financial position and operations. Questions about this report or requests for additional information may be sent to: Giovanni Tairov, Library Director, Livingston Parish Library, P.O. Box 397, Livingston, LA 70754.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF NET ASSETS

DECEMBER 31, 2011

(With Comparative Totals as of December 31, 2010)

ASSETS

	Governmental Activities	
	2011	2010
Cash and Cash Equivalents	\$ 1,232,820	\$ 1,869,999
Investments (Certificates of Deposit - Maturity Greater Than 90 Days)	3,002,266	3,887,756
Property Tax Receivables	4,011,521	3,587,897
Due From Other Governments	58,298	51,564
Other Receivables	3,194	3,159
Prepaid Expenses	40,015	28,181
Deposits	15	15
Capital Assets:		
Land and Construction in Progress	4,390,510	1,691,566
Other Capital Assets, Net of Depreciation	1,479,701	1,558,417
Total Assets	<u>\$ 14,218,340</u>	<u>\$ 12,678,554</u>

LIABILITIES

Accounts Payable	\$ 405,685	\$ 54,455
Property Tax Deductions Payable	164,074	144,028
Accrued Payroll and Withholdings	32,444	29,517
Long-Term Liabilities Due Within One Year	32,082	27,073
Total Liabilities	634,285	255,073

NET ASSETS

Investment in Capital Assets	5,870,211	3,249,983
Unrestricted	7,713,844	9,173,498
Total Net Assets	<u>13,584,055</u>	<u>12,423,481</u>
Total Liabilities and Net Assets	<u>\$ 14,218,340</u>	<u>\$ 12,678,554</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<u>Governmental Activities:</u>		
Expenses:		
Library Services:		
Salaries, Fees Paid and Benefits	\$ 2,055,123	\$ 1,896,973
Operating Services	438,393	417,902
Travel	9,005	7,150
Library Materials and Supplies	225,165	120,683
Intergovernmental	164,074	144,028
Depreciation	404,193	400,413
	<hr/>	<hr/>
Total Expenses	3,295,953	2,987,149
 Program Revenues:		
Fees, Fines and Other Charges for Services	67,925	55,669
Grants	9,353	26,786
	<hr/>	<hr/>
Net Program Expense	3,218,675	2,904,694
 General Revenues:		
Taxes - Property	4,088,002	3,638,218
State Revenue Sharing	150,973	142,146
Interest Income	82,182	102,115
Donations	5,775	6,764
Net (Loss) on Disposal of Assets	1,982	(14,286)
Other	50,335	47,184
	<hr/>	<hr/>
Total General Revenues	4,379,249	3,922,141
 Change in Net Assets	1,160,574	1,017,447
 Net Assets - Beginning of Year	<hr/>	<hr/>
	12,423,481	11,406,034
 Net Assets - End of Year	<hr/>	<hr/>
	\$ 13,584,055	\$ 12,423,481

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

LIVINGSTON PARISH LIBRARY COMMISSION

BALANCE SHEET - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals as of December 31, 2010)

ASSETS

	<u>2011</u>	<u>2010</u>
Assets:		
Cash and Cash Equivalents	\$ 1,232,820	\$ 1,869,999
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	3,002,266	3,887,756
Property Tax Receivables	4,011,521	3,587,897
Due From Other Governments	58,298	51,564
Other Receivables	3,194	3,159
Prepaid Expenses	11,496	-
Deposits	<u>15</u>	<u>15</u>
Total Assets	<u>\$ 8,319,610</u>	<u>\$ 9,400,390</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 405,685	\$ 54,455
Property Tax Deductions Payable	164,074	144,028
Accrued Payroll and Withholdings	<u>32,444</u>	<u>29,517</u>
Total Liabilities	602,203	228,000
Fund Balances:		
Nonspendable:		
Prepaid Expenses	11,496	-
Committed For:		
Incomplete Construction Contracts	668,038	69,596
Future Renovation	561,290	-
Unassigned	<u>6,476,583</u>	<u>9,102,794</u>
Total Fund Balance	<u>7,717,407</u>	<u>9,172,390</u>
Total Liabilities and Fund Balance	<u>\$ 8,319,610</u>	<u>\$ 9,400,390</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
Fund Balances - Total Governmental Fund	\$ 7,717,407	\$ 9,172,390
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental Capital Assets	8,258,318	5,398,340
Less: Accumulated Depreciation	<u>(2,388,107)</u>	<u>(2,148,357)</u>
	5,870,211	3,249,983
Prepaid Insurance	28,519	28,181
Long-Term Liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds:		
Compensated Absences Payable	<u>(32,082)</u>	<u>(27,073)</u>
Net Assets of Governmental Activities	\$ <u>13,584,055</u>	\$ <u>12,423,481</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for The Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes - Property	\$ 4,088,002	\$ 3,638,218
Fines/Lost Books	67,925	55,669
Grants	9,353	26,786
State Revenue Sharing	150,973	142,146
Interest Income	82,182	102,115
Donations	5,775	6,764
Sale of Asset	1,982	800
Other	<u>50,335</u>	<u>47,184</u>
Total Revenues	4,456,527	4,019,682
Expenditures:		
Library Administration		
Salaries, Fees Paid and Benefits:		
Salaries	1,646,981	1,520,789
Payroll Tax Expense	131,942	117,802
Group Insurance	135,362	128,790
Retirement Expense	132,803	122,403
Workman's Compensation and Unemployment	<u>3,026</u>	<u>3,044</u>
	2,050,114	1,892,828
Operating Services:		
Dues and Subscriptions	2,096	8,610
Insurance	72,870	77,175
Legal and Accounting	18,170	15,690
Miscellaneous	14,255	6,745
Postage	4,516	2,869
Repairs and Maintenance	162,318	138,352
Rent	7,200	7,200
Software Purchases	8,639	10,232
Telephone	8,086	7,035
Utilities	<u>140,581</u>	<u>144,914</u>
	438,731	418,822

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for The Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Expenditures (Continued):		
Travel	9,005	7,150
Capital Outlay	3,024,421	641,376
Library Materials and Supplies:		
Databases	57,493	43,433
Library Books and Periodicals (not capitalized)	10,607	11,885
Office Supplies	141,232	48,228
Summer Reading Program	<u>15,833</u>	<u>17,137</u>
	225,165	120,683
Intergovernmental:		
Contributions to Retirement System	<u>164,074</u>	<u>144,028</u>
Total Expenditures	<u>5,911,510</u>	<u>3,224,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,454,983)	794,795
Fund Balance - Beginning of Year	<u>9,172,390</u>	<u>8,377,595</u>
Fund Balance - End of Year	<u><u>\$ 7,717,407</u></u>	<u><u>\$ 9,172,390</u></u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Net Change in Fund Balance - Total Governmental Fund	\$ (1,454,983)	\$ 794,795
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,620,228	240,963
Add accumulated depreciation on capital assets retired during the year	164,443	205,384
Less cost basis of capital assets retired during the year	(164,443)	(220,470)
Expenditures reported in the governmental funds that required the use of current resources that are not reported in the statement of activities:		
Change in prepaid insurance	338	920
The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability. This is the net (increase) decrease in compensated absences.	<u>(5,009)</u>	<u>(4,145)</u>
Change in Net Assets of Governmental Activities	\$ <u>1,160,574</u>	\$ <u>1,017,447</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes - Property	\$ 3,700,000	\$ 3,593,393	\$ 4,088,002	\$ 494,609
Fines/Lost Books	50,000	50,000	67,925	17,925
Grants	14,757	23,353	9,353	(14,000)
State Revenue Sharing	153,000	144,086	150,973	6,887
Interest Income	20,000	53,000	67,940	14,940
Interest Income- Prop. Taxes	13,000	13,111	14,242	1,131
Donations	5,000	4,206	5,775	1,569
Sale of Asset	-	-	1,982	1,982
Other Income	36,000	42,353	50,335	7,982
Total Revenues	3,991,757	3,923,502	4,456,527	533,025
Expenditures:				
Library Administration				
Salaries, Fees Paid and Benefits:				
Salaries	1,600,000	1,632,631	1,646,981	(14,350)
Payroll Tax Expense	128,400	131,811	131,942	(131)
Group Insurance	137,000	146,668	135,362	11,306
Retirement Expense	130,000	125,918	132,803	(6,885)
Workman's Compensation and Unemployment	10,000	3,026	3,026	-
	2,005,400	2,040,054	2,050,114	(10,060)
Operating Services:				
Dues and Subscriptions	3,000	2,041	2,096	(55)
Insurance	80,000	75,805	72,870	2,935
Legal and Accounting	18,000	18,320	18,170	150
Miscellaneous	38,100	32,188	14,255	17,933
Postage	3,500	4,332	4,516	(184)
Repairs and Maintenance	168,500	145,371	162,318	(16,947)
Rent	7,200	7,200	7,200	-
Software Purchases	10,000	8,580	8,639	(59)
Telephone	8,500	9,267	8,086	1,181
Utilities	168,711	164,256	140,581	23,675
	505,511	467,360	438,731	28,629

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Expenditures (Continued):				
Travel	12,000	9,000	9,005	(5)
Capital Outlay	4,520,000	3,081,860	3,024,421	57,439
Library Materials and Supplies:				
Databases	60,000	58,692	57,493	1,199
Library Books and Periodicals (not capitalized)	8,100	10,339	10,607	(268)
Office Supplies	47,500	47,226	141,232	(94,006)
Summer Reading Program	13,000	15,833	15,833	-
	128,600	132,090	225,165	(93,075)
Intergovernmental:				
Contributions to Retirement System	150,000	144,028	164,074	(20,046)
Total Expenditures	7,321,511	5,874,392	5,911,510	(37,118)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,329,754)	(1,950,890)	(1,454,983)	495,907
Fund Balance - Beginning of Year	9,172,390	9,172,390	9,172,390	-
Fund Balance - End of Year	\$ 5,842,636	\$ 7,221,500	\$ 7,717,407	\$ 495,907

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

(1) Summary of Significant Accounting Policies -

The Livingston Parish Library Commission "the Commission" is a body corporate created by the Livingston Parish Council, as provided by Louisiana Revised Statutes. The Commission is governed by a board of eight commissioners who are appointed by the Livingston Parish Council.

The financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2011, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commission's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the Commission is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the fund and account group maintained by the Commission and do not present information on the Council and the general government services provided by that governmental unit.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the Library categorized as a business-type activity.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(1) Summary of Significant Accounting Policies - (Continued) -

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Library's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc).

The Library does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Library are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The Library uses the following fund type:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Library:

- 1) The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2011, it is the only fund of the Library.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(1) Summary of Significant Accounting Policies - (Continued) -

C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Library consist principally of property taxes, state revenue sharing and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years. State Revenue Sharing is recorded when made available.

2. Modified Accrual -

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Library collection	7 years
Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Buildings	40 years
Vehicles	5 years

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(1) Summary of Significant Accounting Policies - (Continued) -

E. Budgetary Practices

The Commission utilizes the following budgetary practices:

The Director prepares the annual budget, which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Director to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved by the Board before payment.

The original budget was adopted on December 1, 2010 and the final amended budget was adopted on December 7, 2011, during open meetings of the Board of Commissioners. All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At December 31, 2011, the Library had no outstanding debt. See Note (11) concerning general obligation bonds issued by the Livingston Parish Council for the construction of libraries within Livingston Parish.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

H. Fund Equity

The Library implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements, effective January 1, 2011. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Library. These amounts cannot be used for any other purpose unless the Library removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the Library but are not spendable until a budget resolution is passed.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The Library has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum balance.

The details of the fund balances are included in the Balance Sheet - Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Library or the Assignment has been changed by the Library. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

I. Summary Financial Information for 2010

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Certain items in the 2010 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previous reported excess of revenues and other sources over expenditures and other uses or change in net assets.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(2) Property Taxes -

On April 23, 2005, an election was held whereby the voters of Livingston Parish approved a 10 year 10.00 mill ad valorem tax assessed on all property subject to taxation in Livingston Parish for the purpose of "acquiring, contracting, improving, maintaining and operating the Livingston Parish Library." The tax began with the year 2005 and ends with the year 2014.

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The Commission's taxes are collected by the Livingston Parish Tax Collector and are remitted to the Commission monthly. The Commission pays the Assessor's Office a fee for this service.

Taxes of 10.00 mills were levied on property with assessed valuations totaling \$422,388,150.

Total taxes assessed and taxes receivable at December 31, 2011, are as follows:

	General Operations <u>10.00 Mills</u>
Property Tax Assessed	\$ 4,223,882
Less: Current Amounts Deemed Uncollectible	<u>(147,836)</u>
Net 2011 Property Taxes Deemed Collectible	4,076,046
Prior Year Taxes Collected in Excess of Prior Year Receivable in 2011	14,487
Refunds to Sheriff	<u>(2,531)</u>
Net Property Tax Revenues	<u>\$ 4,088,002</u>
Net Property Taxes Deemed Collectible	\$ 4,076,046
Less: Amounts Collected Prior to December 31, 2011	<u>(69,337)</u>
Taxes Receivable - Current Year	4,006,709
Prior Year Tax Receivable at December 31, 2010	3,587,897
Less: Prior Year Tax Collected in 2011	<u>(3,597,572)</u>
Prior Year Taxes Collected in Excess of Prior Year Receivable in 2011	<u>14,487</u>
Taxes Receivable - Prior Year	<u>4,812</u>
Total Property Taxes Receivable at December 31, 2011	<u>\$ 4,011,521</u>

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(3) Changes in Capital Assets -

Capital asset activity for the year ended December 31, 2011 is as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2011</u>
Capital Assets not being Depreciated:				
Land	\$ 1,462,056	\$ -	\$ -	\$ 1,462,056
Construction in Progress	229,510	2,698,944	-	2,928,454
Total Capital Assets not being Depreciated	1,691,566	2,698,944	-	4,390,510
Capital Assets being Depreciated:				
Furniture and Equipment	497,561	19,914	(50,949)	466,526
Buildings	568,671	-	-	568,671
Vehicles	38,507	-	-	38,507
Library Collection	2,602,035	305,563	(113,494)	2,794,104
Total Capital Assets being Depreciated	3,706,774	325,477	(164,443)	3,867,808
Less: Accumulated Depreciation for:				
Furniture and Equipment	412,493	44,242	(50,949)	405,786
Buildings	219,850	18,618	-	238,468
Vehicles	11,990	7,701	-	19,691
Library Collection	1,504,024	333,632	(113,494)	1,724,162
Total Accumulated Depreciation	2,148,357	404,193	(164,443)	2,388,107
Total Capital Assets being Depreciated, Net	1,558,417	(78,716)	-	1,479,701
Total Governmental Activities Capital Assets, Net	<u>\$ 3,249,983</u>	<u>\$ 2,620,228</u>	<u>\$ -</u>	<u>\$ 5,870,211</u>

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

A summary of commitments under construction contracts for the Commission at December 31, 2011, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2011	Unexpended Commitment
New Livingston Library Branch	\$ 3,557,782	\$ 2,922,647	\$ 635,135
Renovation of Old Livingston Branch	38,710	5,807	32,903
Total	<u>\$ 3,596,492</u>	<u>\$ 2,928,454</u>	<u>\$ 668,038</u>

(4) **Fund Balance -**

The Library implemented the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefined how fund balances are presented in fund financial statements, effective January 1, 2011. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Commission established these fund balance classifications and the balances at June 30, 2011 consist of the following:

Nonspendable:	
Prepaid Expenses	\$ 11,496
Committed For:	
Incomplete Construction Contracts	668,038
Future Renovation	561,290
Unassigned	<u>6,476,583</u>
Total Fund Balance	<u>\$ 7,717,407</u>

Fund Balance Category Descriptions

Nonspendable - consists of prepaid expenses at December 31, 2011.

Committed for Incomplete Construction Contracts – consists of contract amounts approved and executed as of December 31, 2011 for fiscal year 2011 and balances remaining on contracts for fiscal year 2011.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

Committed for Future Renovation – consists of the amount the Commission set aside for renovation of the old main Livingston library branch. The Commission passed a motion to set aside \$600,000 to be used for these renovations at its December 7, 2011 board meeting. Of the \$600,000, the Commission had signed a contract with an architect on the project for estimated fees of \$38,710 which is accounted for under Committed for Incomplete Construction Contracts at December 31, 2011. The remaining commitment for the renovation is \$561,290 at December 31, 2011.

(5) Cash and Cash Equivalents and Certificates of Deposit -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of three months or less from the date of acquisition. The Commission also invests funds in certificates of deposit which have maturity dates greater than 90 days when purchased and are therefore classified as certificates of deposit. Under state law the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Commission may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the Commission had cash and certificates of deposit totaling \$4,283,608 with a carrying amount of \$4,235,086 at December 31, 2011. Cash and certificates of deposit are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and certificates of deposit at December 31, 2011:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	\$ 1,232,820	\$3,002,266	\$4,235,086
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entity's Name	<u>1,031,342</u>	<u>2,752,266</u>	<u>3,783,608</u>
Total Category 3 Bank Balances	<u>1,031,342</u>	<u>2,752,266</u>	<u>3,783,608</u>
Total Bank Balances (Regardless of Category)	<u>\$1,281,342</u>	<u>\$3,002,266</u>	<u>\$4,283,608</u>

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Library deposits may not be returned to it. As of December 31, 2011, \$3,783,608 of the Library's bank balance of \$4,283,608 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

(6) Litigation -

There is no litigation pending against the Commission.

(7) Compensated Absences and Other Postemployment Benefits -

At December 31, 2011, the Commission has no plan or provision for other post employment benefits. Vacation time can be accumulated up to 40 hours at year end. Any hours in excess of this maximum amount must be taken by the end of the year or is forfeited. Sick leave can be accumulated from year to year but is not paid upon retirement or termination. Overtime is accumulated and is used as time allows. Overtime accumulated is not paid until retirement or termination.

The following reflects the change in Compensated Absences at December 31, 2011.

Balance at December 31, 2010	\$ 27,073
Net Increase	<u>5,009</u>
Balance at December 31, 2011	<u>\$ 32,082</u>

At December 31, 2011, the balance of \$32,082 is reflected as Long-Term Liabilities Due Within One Year on the Statement of Net Assets and is not included on the Fund Financial Statement.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(8) Pension Plan -

Substantially all employees of the Livingston Parish Library Commission are members of the Parochial Employees Retirement System of Louisiana (System), a multiple employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds, are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute currently requires employees covered by Plan B to contribute three percent of their salaries in excess of \$100 per month to the System.

The following provides certain disclosures for the Library Commission and the retirement system that are required by GASB Codification:

	<u>Plan B</u>	<u>December 31, 2011</u>
Contribution Rates:		
Employees		3.00%
Employer		10.00%

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

Trend Information:

Contributions required by State statute:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 7,964	100%
2003	\$14,343	100%
2004	\$24,684	100%
2005	\$35,148	100%
2006	\$45,418	100%
2007	\$61,458	100%
2008	\$69,343	100%
2009	\$72,684	100%
2010	\$122,403	100%
2011	\$132,803	100%

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Parochial Employees Retirement System of Louisiana.

(9) **Rental Expense -**

The Commission leased certain facilities for part of 2011. These leases were month to month operating leases and there are no formal written lease agreements. The total rental expense included in these financial statements for the year ended December 31, 2011 is \$7,200.

(10) **Schedule of Compensation Paid Board Members -**

Jo Ann Graul, President	\$ -
Ronald Bencaz, Vice President	-
Layton Ricks, Ex-Officio Member	-
Katherine deGeneres	-
Shelley Davis	-
Juanette Courtney	-
Lindsay Varnado	-
Debbie Henson	-
	<hr/>
	\$ -
	<hr/>

The term of each board member is five years.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

(11) Financing of Library Buildings by Primary Government -

On October 4, 2003, the voters of Livingston Parish approved the issuance of \$8,900,000 (Series 2004) General Obligation Bonds. The proceeds of these bonds were used to pay the cost of construction and acquiring and improvement of public libraries for the Parish, and acquiring the necessary land, equipment and furnishings. These bonds will be payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the Parish. These bonds were issued on March 1, 2004 with scheduled maturities through 2024. The bonds were issued in the name of the Livingston Parish Council and hence are recorded on the books of the Livingston Parish Council. The Council administered the construction funds as they were spent on the construction of the new libraries. In addition, the Council collects and administers the ad valorem taxes collected and used to repay the outstanding bonds. At December 31, 2009, the Livingston Parish Council had spent the \$8.9 million on the construction of new libraries from the bond proceeds. In addition, the Library Commission transferred an accumulated amount of \$2,682,517 (\$2,500,000 in 2006, \$180,442 in 2007, and \$2,075 in 2008) of its funds to the Livingston Parish Council to assist the Parish Council in the completion of the construction costs.

(12) Current Accounting Pronouncements -

In June 2011, the Governmental Accounting Standards Board issued GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement will be required to be adopted by the Library for fiscal year ending December 31, 2012.

(13) Subsequent Event -

The Commission intends to renovate the old Livingston library branch and turn it into an administrative office. At December 31, 2011, the Commission had entered into a contract with an architect for the project and had committed funds in the amount of \$600,000 for the renovation as discussed in Note 4. The Commission intends to enter into a construction contract for the renovations in the third quarter of 2012.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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June 27, 2012

Board of Commissioners
Livingston Parish Library Commission
Livingston, Louisiana

We have audited the financial statements of the governmental activities and the major fund (the General Fund) of the Livingston Parish Library Commission, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannu L. Bougeois, LLP

LIVINGSTON PARISH LIBRARY COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2011

CURRENT YEAR FINDINGS: NONE

LIVINGSTON PARISH LIBRARY COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

PRIOR YEAR FINDINGS: NONE